

Message Text

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ORIGIN EB-11

INFO OCT-01 EUR-25 ISO-00 TRSE-00 COME-00 L-03 SS-20 RSC-01

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DRAFTED BY EB:TOENDERS/HMH

APPROVED BY ASSISTANT SECRETARY DESIGNATE ENDERS

EUR/CE - N. C. LEDSKY

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P 232224Z JUL 74

FM SECSTATE WASHDC

TO AMEMBASSY BONN PRIORITY

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E.O. 11652: N. A.

TAGS: OVIP

SUBJECT: VISIT OF FORMER UNDER SECRETARY BALL

FOR CASH FROM ENDERS

1. GEORGE BALL WILL BE IN BONN ON JULY 25, AND WILL LIKE TO COME IN AND TALK TO YOU AND HERMBERG ON THE SUBJECT OF FOREIGN CLAIMS IN THE HERSTATT BANK LIQUIDATION.

2. BALL REPRESENTS THE SEATTLE FIRST NATIONAL BANK WHICH HAD A LIABILITY OF SOME \$22 MILLION IN THE HERSTATT CLOSURE. BALL WILL WANT TO EXPLORE WITH YOU THE OPPORTUNITY FOR PUTTING SOME KIND OF POLITICAL PRESSURE ON THE BONN GOVERNMENT CONCERNING THE HANDLING OF FOREIGN CLAIMS IN THE LIQUIDATION. OUR RESPONSES TO HIS EARLIER

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QUERIES ARE AS FOLLOWS:

THE DEPARTMENT OF STATE HAS DISCUSSED THIS ISSUE WITH THE

TREASURY, COMPTROLLER OF THE CURRENCY AND THE FEDERAL RESERVE. NO ACTION IS BEING TAKEN BY THESE AGENCIES PENDING CLARIFICATION OF THE LEGAL SITUATION; NEITHER HAVE ANY SPECIAL MEETINGS BEEN HELD WITH SWISS OR GERMAN CENTRAL BANK OFFICIALS.

THE USG IS CLOSELY WATCHING THE LEGAL PROCEEDING AGAINST HERSTATT'S ASSETS WITH CHASE, BUT YOU ARE PROBABLY BETTER

INFORMED ON THE DEVELOPMENTS IN THAT AREA THAN ARE WE.

THE GERMAN LIQUIDATOR OF HERSTATT HAS INDICATED THAT BANKS WHICH LOST FUNDS IN INCOMPLETED FOREIGN EXCHANGE TRANSACTIONS WILL NOT RECEIVE ANY PRIORITY ACCESS TO HERSTATT'S REMAINING ASSETS.

WE ARE FOLLOWING THIS PROBLEM CLOSELY AND ONCE THE SITUATION IS CLEARER, WILL PARTICIPATE IN INTERAGENCY DECISIONS ON WHAT ACTION, IF ANY, THE USG SHOULD TAKE.

3. WE WOULD OF COURSE BE RESPONSIVE TO ANY SUGGESTION YOU HAVE FOR ANY APPROPRIATE WAYS AND MEANS TO PUT THE INTERESTS OF US CREDITORS FORWARD. KISSINGER

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